



**MEETING OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY
33 N Dearborn St, Suite 1000
Chicago, IL 60602**

Minutes for the August 6, 2015 Meeting of the Board

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County are herein collectively referred to as the "Fund."

Call to Order and Roll Call

Trustees Present: Alexis Herrera, Jack Fitzgerald, Diahann Goode, Brent Lewandowski, Patrick McFadden, Patrick Nester, Samuel Richardson, Jr. and Lawrence Wilson

Staff Present: Nickol R. Hackett, Executive Director & CIO; Michael Maratea, Director of Finance and Administration; Gary LeDonne, Senior Benefit Advisor; Brenda Deming, Director of Health Benefits; Margaret Fahrenbach, Legal Adviser; Paul Rzeszutko, Director of Annuity Benefits; Beverly Romanini, Office Manager; Paul Rusk, IT Project Management; Keitric Emory, IT Business Analyst

Others Present: Mary Pat Burns, Burke Burns & Pinelli, LTD; Mia Cole Nelson, Teamsters Union Member; Abin Kuriakose, Commissioner Gainer's Office; Mark Mesle, Active Member

Trustee Herrera opened the meeting for public comment. Mark Mesle, a County employee, addressed the Board. Mr. Mesle asked if the Board considered climate change issues when it invested the assets of the Fund, as do the state public employee pension funds in California and New York. It was noted by the Executive Director & CIO that the California and New York size and funding status position them yield influence in companies on ESG matters. In comparison, the Fund is significantly smaller size in funding position. Additionally, the Fund retains investment managers to invest its assets and does not focus on specific company stock purchases. It was suggested that Mr. Mesle might find the Council of Institutional Investors as a resource for stock holder activism and climate change issues. Ms. Hackett further referenced the Council of Social Investing as an effective vehicles for activist issues.

1. Review and Consideration of:

- a. July 9, 2015 Board Meeting Minutes

Trustee McFadden stated that he had two suggested corrections to the proposed Minutes. First, he stated that his response to the Roll Call Vote for Item 6c was recorded as a “Pass”, but should have been recorded as an “Aye”. Second, in regard to Item 8, he stated that the choice of the verb “concluded” in the second sentence was somewhat strong and possibly did not accurately reflect the Board’s discussion.

After consideration of Trustee McFadden’s suggestions, it was moved by Trustee Fitzgerald and seconded by Trustee Lewandowski that the minutes of the July 9, 2015 Board meeting be otherwise approved and that the proposed revisions be presented for further approval at the next meeting of the Board.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

2. Review and Consideration of:

- a. Bills, Payroll Records, Annuities, Spouse and Child Annuities, Ordinary and Duty Disabilities, and Refunds.

The Fund’s monthly bills and payroll records were presented for the Board’s approval. The Trustees asked about the payment of the PCORI fee. Fund staff stated that it was a fee imposed by the Affordable Care Act on the health benefit plans to be paid by the plan sponsor and that the Fund had paid this fee in earlier years. It was discussed that the fee should be paid by the County not the Fund. The Board requested that the Fund notify the County that it had paid the PCORI fee on its behalf for this and previous years and that the Fund should be reimbursed.

It was then moved by Trustee Goode and seconded by Trustee Lewandowski that the action taken by the Fund’s staff in remitting payments for the presented bills and payroll records be approved and it was further moved that the Fund staff should notify the County that it had paid the PCORI fee on its behalf and should be reimbursed.

Roll Call Vote:

AYES: Fitzgerald, Herrera, Goode, Lewandowski, McFadden, Nester,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- b. Annuities, Spouse and Child Annuities and Refunds

The Fund’s staff presented their recommendations to the Board regarding the applications for annuities, spouse and child annuities, and refunds and confirmed that they followed the Fund’s procedures in reviewing and processing the applications in making their recommendations.

It was then moved by Trustee Richardson and seconded by Trustee Goode, after due consideration of the applications presented to the Board and having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

The Fund's staff presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee Goode and seconded by Trustee Richardson, after due consideration of the disability applications presented to the Board and having received confirmation from staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented disability applications be approved.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Report

a. Fraud Notice

Margaret M. Fahrenbach, Legal Advisor, stated that there were two matters of possible fraudulent activity involving the Fund that may need to be reported to the State's Attorney pursuant to Section 1-135 of the Illinois Pension Code. The first incident involved the payment of annuity benefits after a member's unreported death that had not been returned to the Fund. Ms. Fahrenbach stated that there was a likelihood that the Fund would be reimbursed for the overpayments, but that the amount of repayment was not confirmed. The second concerned a scheme of producing and cashing counterfeit checks purportedly made by the Fund. While the checks were cashed at various currency exchanges in Cook County, none of the checks were honored by the Fund's bank because they did not meet the criteria submitted by the Fund for properly disbursed checks.

It was moved by Trustee Fitzgerald and seconded by Trustee Wilson pursuant to Section 1-135 of the Illinois Pension Code that there exists a reasonable suspicion of fraudulent activity related to the overpayment of annuity benefits following a member's death as presented and that the Fund Staff should so notify the State's Attorney.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

It was moved by Trustee Richardson and seconded by Trustee Fitzgerald pursuant to Section 1-135 of the Illinois Pension Code that there exists a reasonable suspicion of fraudulent activity related to a scheme of producing and cashing counterfeit checks purportedly made by the Fund as presented and that the Fund staff should so notify the State's Attorney.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

b. Cycle C Filing

The Executive Director stated that the applications for Cycle C determination letters had been filed on behalf of both the County Fund and the Forest Fund. Mary Pat Burns added that after 2016, the Internal Revenue Service would no longer review applications or issue determination letters on a periodic schedule. It is expected that going forward, a public pension fund would need to make a specific request for an advisory letter regarding the plan's qualification under the Internal Revenue Code as might be necessary.

c. Legislative Update

The Executive Director stated that the Cook County Board of Commissioners had passed a 1% increase to the County sales tax that in part, as reported, might be used to decrease the Fund's unfunded liability. The measure was expected to raise an addition \$450 million. She also reported that there was little expectation that the General Assembly would take any action regarding the local pension funds during this legislative session.

Mary Pat Burns reported that the pension reform legislation affecting the Municipal Employees' Annuity and Benefit Fund and the Laborers' Annuity and Benefit Fund was ruled unconstitutional by the Circuit Court of Cook County and that an appeal had been filed directly to the Illinois Supreme Court. While the appeal will not be heard on an expedited schedule, the parties had agreed not to file any requests for extensions of time so that a decision can be received as soon as possible. Ms. Burns also reported that the Illinois Attorney General had filed a petition for certiorari to the United States Supreme Court requesting a review of the Illinois Supreme Court's decision holding that the pension reform legislation involving the State funds was unconstitutional. It was not known at the present time whether the United States Supreme Court would grant the petition filed by Attorney General and review the Illinois Supreme Court decision.

4. Finance Report

The Executive Director stated that under Section 9-184 of the Pension Code, the Retirement Board is required to estimate the amounts required each year to pay for annuities, benefits and the administrative expenses of the Fund. She stated that the presented Resolutions provide the actuary required estimates for purposes of the 2016 tax levy for both the County Fund and the Forest Fund to be \$774,700,000.00 and \$19,300,000.00 respectively. The Resolution further requested the actual tax levy for the both the County Fund and the Forest Fund to be \$195,653,929.88 and \$3,438,713.20 respectively.

a. 2016 Levy Cook County

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board approve and adopt the presented Resolution for the 2016 Tax Levy for the County Fund and that Fund staff shall deliver the Resolution to the County Board.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

b. 2016 Levy Forest Preserve District

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board approve and adopt the presented Resolution for the 2016 Tax Levy for the Forest Fund and that Fund staff shall deliver the Resolution to the County Board.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

5. Disability – Not In Service

The Executive Director stated that the Fund sought clarification regarding the employment status of persons who applied to receive ordinary disability benefits. Gary Ledonne, Senior Benefits Advisor reported that the Fund had received an application for ordinary disability benefits from a person who was employed by the County at the time the disability began, but was later terminated. While the applicant had been approved for disability benefits for earlier applications, it was unclear whether the applicant was eligible for a continuation of those benefits after separation from employment. Mr. Ledonne added that the Board adopted a policy in 2010 during a period of layoffs, providing that so long as an applicant was employed when the application was received, the member was eligible for benefits after separation from employment. It was unclear whether this policy was only applicable for employees who had been laid off due to staff reductions or whether it would be applied to termination for other reasons.

The trustees discussed whether ordinary disability benefits could only be extended to persons who were employed at the time the application was received or whether it could be extended to persons who were employees at the time the disability commenced and an initial application filed, but who might be later terminated later. The Board discussed the need to obtain an advisory opinion from the State's Attorney regarding a member's eligibility for ordinary disability benefits after termination and deferred any action on this member's application.

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the Board's policy of remitting disability benefits to members who have been laid off from employment until they recover from their disabilities be deferred.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

It was then moved by Trustee Fitzgerald and seconded by Trustee Richardson that the Fund staff request an advisory opinion from the State's Attorney on whether a member is eligible for ordinary disability benefits under Section 9-157 of the Pension Code after separation from employment.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

6. Legal Matters

a. Consideration of Additional Hearing Officer

Margaret M. Fahrenbach, Legal Advisor, addressed the Board stating that the Fund had received a request from Mr. William Pr. Motto, a former Cook County Assistant State's Attorney who is now retired, to be considered as an hearing officer for administrative hearings that might come before the Board.

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that Mr. William P. Motto may be considered for an appointment as a hearing officer by the Board as the need for such appointment might arise.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

7. Trustee Matters

a. EMIC Chair Vacancy

Alexis Herrera reported that the Chair of the Emerging Managers Investment Sub-Committee ("EMIC") was vacant due to a trustee's recent resignation from the Board. She stated that Trustee Goode, who was a current member of the EMIC, was willing to serve as the Chairperson.

It was moved by Trustee Richardson and seconded by Trustee Nester that the Board approve the appointment of Trustee Goode as Chairperson of the Emerging Managers Investment Sub-Committee.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

b. Forest Preserve Annuitant Trustee Vacancy – Appointment Process, Pension Code 9-187

The Board then discussed the proposed procedures for filling the Forest Preserve Annuitant Member trustee position that was vacant due to a resignation from the Board. The trustees

discussed that the preliminary procedures presented by Fund staff were lengthy and that a more expedited process would better serve the Board's needs. It was discussed that a notice of the vacancy be posted on the Fund website and that all Forest Fund annuitants be sent a postcard notifying them of the vacancy. Candidates interested in serving should supply interest notification to the Fund by September 2, 2015, and all candidates could be presented to the Board at the next meeting.

It was moved by Trustee Goode and seconded by Trustee Lewandowski that the proposed "Notice of Trustee Vacancy", as modified, be approved and posted on the Fund's website, that all Forest Fund annuitants be sent a postcard notifying them of the vacancy and that the candidates' submissions would be presented to the Board at their next meeting.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

Trustee Fitzgerald and Trustee McFadden departed the Board meeting

8. IT Update and Review

Michael Maratea, Director of Finance and Administration, presented the Information Technology Update. He stated that the goals of the Fund are to provide an integrated internal system to enhance business processes and to eventually provide a self-service online portal for members through the Fund's website. The Executive Director added that the Fund's IT systems required a comprehensive restructuring to meet these goals. The incremental solutions to the systems were not producing the deliverables commensurate with their costs and were not sufficient to meet the Fund's future requirements. A two phase approach would enable the Fund to address its IT needs and would extend over more than a single budget year. The first would involve the commencement of an RFP to assist in finding necessary service providers. The second phase would address the retention of specific providers. The trustees asked that total expected costs be identified for the trustees, even though the yearly expenditures would not reflect the total amount spent. In addition, the Fund had current providers to engage in the redesign of the website and to install Sharepoint 2013, as presented.

It was moved by Trustee Nester and seconded by Trustee Goode that the Board approve the recommendations of Fund staff regarding the implementation of the presented IT enhancements and that Fund staff shall have authority to conduct a Request for Proposal to search for necessary service providers.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

It was further moved that the Board approve the retention of Americaneagle.com to redesign that Fund's external website at a cost not to exceed \$52,000 and approve the retention of Experis and CDW to evaluate, install and migrate Sharepoint 2010 to SharePoint 2013 at a total cost not to exceed \$30,000, both expenditures as having been within the approved budget for the current fiscal year. It is further moved that the Fund staff shall have the authority to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Goode, Herrera, Lewandowski, Nester, Richardson

NAYS: None

Vote Result: MOTION ADOPTED

Trustee Wilson departed the Board meeting

9. Old Business/New Business

There was no old business or new business discussed.

10. Adjournment

There being no further business before the Board, it was moved by Trustee Richardson and seconded by Trustee Goode that the trustees adjourn the meeting.

The next Board meeting is scheduled for September 3, 2015, at 9:30 a.m.